

**September 12, 2006**

SUBJECT: Award of Bid No. F0607-02 for Asphaltic Materials for Street Maintenance and Repair

REPORT IN BRIEF

Approval is requested for the award of one-year contracts to Granite Rock Company of Redwood City; Raisch Products of San Jose; and Reed and Graham, Inc., of San Jose to provide asphaltic materials on an "as-needed" basis for the Department of Public Works Pavement Operations Program.

BACKGROUND

Emulsion oils, asphalt concrete, pavement reinforcement fabric, aggregate base and various filler and sealer materials are required by City street crews for the regular repair and maintenance of City streets and parking lots. Because of volatility in the market place, these items are typically competitively bid with firm fixed pricing for one-year periods without extension options.

DISCUSSION

Bid specifications were prepared by Public Works and Purchasing staff, and the suppliers were directly notified that Invitation for Bids No. F0607-02 was available. Sealed bids were publicly opened on August 16, 2006.

Granite Rock, Reed & Graham and Raisch Products are the only suppliers of emulsion oils and asphalt concrete in the Bay Area, and responsive bids were received from all three. Following is a chart indicating the lowest bidder for the highest usage items:

<u>Product</u>	<u>Bid Price</u>	<u>Low Bidder</u>	<u>Price Change</u> <u>From Last Year</u>
SS-1-H, Emulsion Oil	\$1.60/gal	Granite Rock	+ 51%
PM-CRS-2H, Emulsion Oil	\$1.87/gal	Reed & Graham	+ 51%
CRO, Emulsion Oil	\$1.44/gal	Reed & Graham	+ 60%
Asphalt Concrete, Hot ½"	\$55.00/ton	Raisch Products	+ 41%
Asphalt Concrete, Hot ¾"	\$55.00/ton	Raisch Products	+ 41%

The dramatic increase in pricing for asphaltic materials reflects the escalating price of oil which is expected to be especially problematic on the West Coast due to the closure of the Alaska pipeline. In addition, suppliers indicated that

they would not submit bids this year without a price adjustment clause for emulsion oils and hot mix asphalt concrete. Therefore, instead of firm fixed pricing, this year's contracts include a provision for a quarterly price review, based on the Liquid Asphalt Rack Price (the price the suppliers pay oil companies for petroleum products). The three suppliers bid slightly different price adjustment amounts. For emulsion oils, a \$5.00 per liquid ton increase or decrease in the Liquid Asphalt Rack Price will trigger a \$0.02 or \$0.03 per gallon increase or decrease in the cost to the City, depending upon the supplier. For hot mix asphalt concrete, a \$5.00 per liquid ton increase or decrease in the Liquid Asphalt Rack Price will trigger a \$0.30 or \$0.35 per ton increase or decrease in the cost to the City, depending upon the supplier.

Staff recommends award of contracts to all three bidders with each contract indicating whether the supplier is the primary or backup source for the high usage items, depending upon bid pricing. In recent years, finding a consistent source for these materials has been difficult due to high demand and plant shutdowns for scheduled and unscheduled maintenance. Although staff will first attempt to obtain asphalt concrete and emulsion oils from the low bidders, having backup sources ensures that street work in process can continue through completion.

FISCAL IMPACT

The Public Works Field Services Program 118 (Pavement Operations) has available funds for materials in the amount of \$589,245. The City Manager's Letter of Transmittal for the FY 2006/2007 budget identified that staff had concerns that increasing prices for asphalt and oil might impact the current level of service provided by the Department of Public Works. The pricing provided in this bid process does not allow for Public Works to continue providing the current service levels within budget. The proposed contracts will only allow staff to maintain service levels for a portion of the fiscal year unless the budget is modified or prices decrease significantly.

Staff recommends that Council award contracts to each of the three bidders to allow continuation of service. However, it is recommended that Council not place specific dollar values on each of the recommended contracts, but instead award the contracts on an aggregate not-to-exceed amount. This will allow street crews flexibility to purchase product where it is available without exceeding the program budget.

Staff will be providing Council with more detail on this issue, including a recommended course of action, through the study session process prior to the expiration of these contracts.

RECOMMENDATION

It is recommended that Council award one-year contracts for asphaltic materials to Granite Rock Company, Raisch Products and Reed and Graham, Inc., in substantially the same form as the attached draft Purchase Orders and in a total amount for all three contracts not to exceed \$589,245.

Prepared by:

Elaine Wesely
Purchasing Officer

Reviewed by:

Mary J. Bradley
Director, Finance

Reviewed by:

Marvin Rose
Director of Public Works

Approved by:

Amy Chan
City Manager

Attachments

1. Draft Blanket Purchase Order – Granite Rock Company
2. Draft Blanket Purchase Order – Reed and Graham, Inc.
3. Draft Blanket Purchase Order – Raisch Products



**CITY OF SUNNYVALE
CALIFORNIA
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BLANKET ORDER NO 28335-B

ORDERED FROM 00161-001 650-482-3802 GRANITE ROCK COMPANY ATTN RON CONWAY 365 BLOMQUIST STREET REDWOOD CITY CA 94063	ORDER DATE	BILL TO: City of Sunnyvale Finance Department Accounts Payable PO Box 3707 Sunnyvale CA 94088-3707
	8/25/2006	
	START DATE	
	9/12/2006	
	END DATE	
	9/11/2007	
	BID/RFQ NO	
	F0607-02	
DELIVER TO PW/FIELD SERVICES CORPORATION YARD 221 COMMERCIAL STREET SUNNYVALE CA 94085	FOB	FREIGHT CHARGES
	ORIGIN	
	PAYMENT TERMS	REQUISITIONER
	NET 30	TONY PINEDA X7559
	PR NO	CHARGE/OBJ CODE(S)
	0380	VARIOUS
OTHER DEPTS/DIVISIONS AUTHORIZED TO USE THIS ORDER		THIS ORDER SUPERSEDES PO NO
		28329-B

DESCRIPTION

Blanket order for asphaltic materials as required by the City of Sunnyvale for a one year period in accordance with the specifications, terms and conditions set forth in Invitation for Bids #F0607-02 as follows:		
A	Asphaltic Emulsion Oils	
	1. Asphaltic Emulsion Oil (SS-1-H) (Primary Source)	Per Gallon \$1.60
	2. Asphaltic Emulsion Oil (PM-CRS-2H) (Backup Source)	Per Gallon \$1.97
	3. Asphaltic Emulsion Oil (CRO) (Backup Source)	Per Gallon \$1.50
B	Asphalt Concrete Cold, 1/2" max.(Backup Source)	Per Ton \$70.00
C	Asphalt Concrete, Hot	
	1. 1/4" maximum (Backup Source)	Per Ton \$68.00
	2. 3/8" maximum (Backup Source)	Per Ton \$67.00
	3. 1/2" maximum (Backup Source)	Per Ton \$65.00
	4. 3/4" maximum (Backup Source)	Per Ton \$64.00
D	Pavement Reinforcement Fabric, Mirafi (Primary Source)	Per Sq. Yard \$0.45
E	Crack Filler, Deery America	Per Ton \$860.00
F	Class III Aggregate Base (19mm/ 3/4") (Primary Source)	Per Ton \$6.75
G	Pavement Repair Membrane, Mirafi (Primary Source)	Per Box \$125.00
H	Asphalt Pavement Coating, Granite Rock	Per Gallon \$1.35
I	Hydro-Patch, TA-92 - per 50# bag: \$9.75/ Bulk: \$115.00/ton	
J	De Tack, per 5-gallon pail	Per Pail \$39.95
	Optional Cleaning and Neutralizing of City Trucks	Per Cleaning \$750.00
Adjustments: Emulsion Oils - +/- \$5.00/ton supply = +/- \$0.03/gal cost; AC - +/- \$5.00/ton supply = +/- \$.30/ton cost		
Awarded by Council 9/12/2006, RTC # 06-282		

BUYER

David Gakle Phone (408) 730-7403 Fax (408) 730-7710



**CITY OF SUNNYVALE
CALIFORNIA
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BLANKET ORDER NO 28336-B

ORDERED FROM 00900-001 REED & GRAHAM INC ATTN RICK BEST 690 SUNOL STREET SAN JOSE CA 95126	408-287-1400	ORDER DATE 8/28/2006	BILL TO: City of Sunnyvale Finance Department Accounts Payable PO Box 3707 Sunnyvale CA 94088-3707
		START DATE 9/12/2006	
		END DATE 9/11/2007	
		BID/RFQ NO F0607-02	
DELIVER TO PW/FIELD SERVICES CORPORATION YARD 221 COMMERCIAL STREET SUNNYVALE CA 94085	FOB	FREIGHT CHARGES	
	ORIGIN		
	PAYMENT TERMS NET 30	REQUISITIONER TONY PINEDA X7559	
	PR NO 0380	CHARGE/OBJ CODE(S) VARIOUS	
OTHER DEPTS/DIVISIONS AUTHORIZED TO USE THIS ORDER		THIS ORDER SUPERSEDES PO NO 28327-B	

DESCRIPTION

Blanket order for asphaltic materials as required by the City of Sunnyvale for a one year period in accordance with the specifications, terms and conditions set forth in Invitation for Bids #F0607-02 as follows:			
A	Asphaltic Emulsion Oils		
	1. Asphaltic Emulsion Oil (SS-1-H) Backup Source)	Per Gallon	\$1.79
	2. Asphaltic Emulsion Oil (PM-CRS-2H) (Primary Source)	Per Gallon	\$1.87
	3. Asphaltic Emulsion Oil (CRO) (Primary Source)	Per Gallon	\$1.44
B	Asphalt Concrete Cold, 1/2" max. (Primary Source)	Per Ton	\$61.50
C	Asphalt Concrete, Hot		
	1. 1/4" maximum (Backup Source)	Per Ton	\$61.50
	2. 3/8" maximum	Per Ton	NO BID
	3. 1/2" maximum (Backup Source)	Per Ton	\$57.00
	4. 3/4" maximum (Backup Source)	Per Ton	\$57.00
D	Pavement Reinforcement Fabric, Petromat (Backup Source)	Per Sq. Yard	\$0.57
E	Crack Filler, Crafcro or Henry	Per Ton	\$1,120.00
F	Class III Aggregate Base (19mm/ 3/4") (Backup Source)	Per Ton	\$7.25
G	Pavement Repair Membrane, Crafcro 18" wide, (Backup Source)	Per Box	\$149.00
H	Asphalt Pavement Coating, Reed & Graham	Per Gallon	\$2.95
I	Hydro-Patch, TA-92, in 50# bags	Per Bag	\$12.00
J	De Tack, per 5-gallon pail	Per Pail	\$8.15
	Optional Cleaning and Neutralizing of City Trucks	Per Cleaning	\$150.00
Adjustments: Emulsion Oils - +/- \$5.00/ton supply = +/- \$0.02/gal cost; AC - +/- \$5.00/ton supply = +/- \$.30 ton cost			
Awarded by Council 9/12/2006, RTC # <u>06-282</u>			

BUYER

David Gakle Phone (408) 730-7403 Fax (408) 730-7710



**CITY OF SUNNYVALE
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BLANKET ORDER NO 28337-B

ORDERED FROM 00898-001 408-227-9222 RAISCH PRODUCTS ATTN MARK IDEMOTO 3800 BASSETT STREET SANTA CLARA CA 95054	ORDER DATE 8/28/2006	BILL TO: City of Sunnyvale Finance Department Accounts Payable PO Box 3707 Sunnyvale CA 94088-3707
	START DATE 9/12/2006	
	END DATE 9/11/2007	
	BID/RFQ NO F0607-02	
	FOB	
DELIVER TO PW/FIELD SERVICES CORPORATION YARD 221 COMMERCIAL STREET SUNNYVALE CA 94085	ORIGIN	FREIGHT CHARGES
	PAYMENT TERMS NET 30	REQUISITIONER TONY PINEDA X7559
	PR NO 0380	CHARGE/OBJ CODE(S) VARIOUS
	OTHER DEPTS/DIVISIONS AUTHORIZED TO USE THIS ORDER	
		THIS ORDER SUPERSEDES PO NO 28328-B

DESCRIPTION

Blanket order for asphaltic materials as required by the City of Sunnyvale for a one year period in accordance with the specifications, terms and conditions set forth in Invitation for Bids #F0607-02 as follows:			
A	Asphaltic Emulsion Oils		
	1. Asphaltic Emulsion Oil (SS-1-H) Backup Source)	Per Gallon	\$2.60
B	Asphalt Concrete Cold, 1/2" max (Backup Source)	Per Ton	\$64.00
C	Asphalt Concrete, Hot		
	1. 1/4" maximum (Primary Source	Per Ton	\$57.00
	2. 3/8" maximum (Primary Source)	Per Ton	\$57.00
	3. 1/2" maximum (Primary Source)	Per Ton	\$55.00
	4. 3/4" maximum (Primary Source)	Per Ton	\$55.00
D	Class III Aggregate Base (19mm/ 3/4") Backup Source)	Per Ton	\$7.75

All invoices to show this order number

Adjustments: Asphalt Concrete - +/- \$5.00/ton supply = +/- \$.35/ton cost

Awarded by Council 9/12/2006, RTC # 06-282

BUYER

David Gakle Phone (408) 730-7403 Fax (408) 730-7710